



CWC Trustee Leadership Profile

An Interview with Cheri Hearty

March 2022

About the Pension Plan for the Employees of the Ontario Public Service Employees' Union

Fund Name

Pension Plan for the Employees of the Ontario Public Service Employees' Union ("OPSEU Staff Plan")

Fund Description

Defined Benefit pension plan for the employees of OPSEU/SEFPO

Number of Members

600

AUM

\$240 Million (CAD) as of March 2022

Number of Board Members

8

Board Composition

Jointly trusteesd with 4 employee-side (OPSEU staff) and 4 employer-side (elected representatives of OPSEU) trustees

Asset management approach

Use of external asset managers

Fund's asset mix

Canadian Equity - 26%, Global Equity - 26%, Fixed Income - 33%, Mortgages - 5%, Real Estate - 10%

Cheri Hearty is a Canadian union-elected trustee and co-chair of the OPSEU Staff Plan since 2019. She has over 20 years of experience in the pension industry and works at OPSEU as a Pension and Benefits advisor. As part of her work, Cheri has also served on several other pension plan and benefit boards of trustees.

Why were you interested in becoming a pension fund trustee?

I fell into the pension industry about 20 years ago. I started on the front lines of union work and then I became staff at the Ontario Public Service Employees' Union (OPSEU). I started out on a small board of trustees for a benefits fund and I realized that I could have a lot of impact. I'm a trustee on a few boards now. Since I am a staff member at OPSEU, I have a vested interest in my role as board member of the OPSEU Staff Plan. I try to make sure the pension plan is there not only for me, but for all of my coworkers, all of my predecessors, and all of the people that will come after me as well. You get to make decisions that will impact the future of the pension plan and its members, and from an ESG perspective, potentially the world at large.

What opportunities exist for a trustee sitting on the board of a fund like yours to drive more ambitious policies and practices with regards to ESG issues?

There's a lot of opportunities out there. The first thing I would mention is becoming part of an organization like the Global Unions' Committee on Workers' Capital (CWC) or the Canadian Capital Stewardship Network (CCSN) so that you are networked into the people that are like-minded. Just like belonging to a union, there's power in numbers. Say you're part of the CWC or CCSN and you hear about an issue, for example, at Amazon, and it turns out you own Amazon. Reaching out to your asset manager and asking about that issue is completely on the table – and you will get an answer.

ESG is now something that asset managers will bring up proactively, although it still depends on the specific pension plan you're sitting on. Some pension funds are more focused on ESG issues than others. What I've noticed is that asset managers are very much focused on environmental impacts – they're less focused on the "S", the social aspect. You have to ask questions to get answers on social issues. I know it can be hard and you feel intimidated – especially when you first start asking questions about ESG issues – but the questions that you ask are the way to get asset managers' attention. When they realise that you are paying attention to ESG issues, they're more likely to live up to the standard you want to see.

What are the principal drivers and barriers when it comes to improving ESG practices at a pension fund like yours?

On the OPSEU Staff Plan, one of the drivers is that board members are all very like-minded from an ESG perspective. This allows us to put that at the forefront of the work that we do with the investment managers. But the opposite can be true depending on the board. At another board that I sit on, trustees feel like they don't have much impact on ESG issues because the fund is small and it uses pooled funds. What I've learned is that even though you're on the board of a small fund and even if you're in a pooled fund, asset managers actually still listen to you. They still want your business, they still answer your questions. It's important to still ask the questions and do as much as you can with the resources you have.

Something I hear from trustees on bigger plans is that everything is done by investment professionals in-house. While those trustees approve the policies that govern the daily work of the investment professionals, they may have less insight on the actual companies they're invested in. You can see a paradox – there's a barrier at a big plan because you don't get as much information as you do in a small plan, but in a small plan, you can feel constrained to effect change because you are small. If everyone works together to gather information, both small and large plans can be successful. What I figured out is that being a pain in the butt actually works, and people will respond to you, so you may as well ask.

Can you describe how collective action by asset owners can enable a fund like yours to drive real world changes when it comes to the integration of human and labour rights in investments?

Just like people join together in collective action to form unions, this is the same type of venture. You're coming together with a common goal. You're going to have diversity of thought and diversity of experience and that brings together a wealth of information. If you feel like that small minnow in a big ocean, all of a sudden, you're ten thousand minnows in the same ocean. Collective action is really important; it can expand the effectiveness of individual trustee action.

For example, about a year ago, we were contacted because there was a labour trouble brewing at a mall in British Columbia. Cleaners were trying to negotiate a first contract at this mall. What they were asking for was the bare minimum: to be paid the average wage of their sector and for a few paid sick days in the middle of a pandemic. The mall was wholly owned by one of the investment managers that the OPSEU Staff Plan invested with. The idea was to contact the investment manager and ask questions, for example, "What are you doing to rectify this issue, in line with your ESG policy?" We contacted the investment manager and some other people did as well. We asked a lot of hard questions. I had expected to be brushed off because we're a small plan, but they made commitments to us about what they were going to do. It showed me that even though I'm from a small plan, my asking of questions can have some impact. The cleaners were able to get a fair first contract and they didn't have to go on strike. If I could be a small part of that ultimate resolution as a fiduciary of workers' capital, that's amazing.

The CWC Trustee Profile Series features interviews with worker-nominated pension fund trustees and highlights the role of individual board members in elevating ESG issues to drive real world impact.

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The Global Unions Committee on Workers' Capital (CWC) is an international labour union network for dialogue and action on the responsible investment of workers' retirement savings. A joint initiative of the International Trade Union Confederation (ITUC), the Global Union Federations (GUFs), and the Trade Union Advisory Committee to the OECD (TUAC), the CWC has brought trade union representatives and worker-nominated trustees from across the world together since 1999.

The Canadian Capital Stewardship Network (CCSN) is a network of labour-nominated trustees on pension fund boards and trade union representatives across Canada who are committed to making meaningful changes in capital markets through the effective stewardship of workers' capital.